



DEPARTMENT OF THE TREASURY

INTERNAL REVENUE SERVICE

1100 Commerce Street
Dallas, TX 75242

501.03-00

TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

Date: March 20, 2013

Number: **201330040**
Release Date: 7/26/2013

LEGEND

ORG - Organization name

XX - Date Address - address

Person to Contact:

Badge Number:

Contact Telephone Number:

Phone

Fax

Contact Address:

ORG

ADDRESS

Employer Identification Number:

CERTIFIED MAIL

Dear :

This is a final notice of adverse determination that your exempt status under section 501(c) (3) of the Internal Revenue Code is revoked. Recognition of your exemption under Internal Revenue Code section 501(c)(3) is revoked effective July 1, 20XX the following reason(s):

You have not demonstrated that you are operated exclusively for exempt purposes within the meaning of Internal Revenue Code section 501(c)(3) and Treasury Regulations section 1.501(c)(3)-1(d).

Since your exempt status has been revoked, you are required to file Form 1120, U.S. Corporation Income Tax Return, for all years beginning on or after July 1, 20XX.

Income tax returns for subsequent years are to be filed with the appropriate Service Center identified in the instructions for those returns.

It is further determined that your failure to file a written appeal constitutes a failure to exhaust your available administrative remedies. However, if you decide to contest this determination in court, you must initiate a suit for declaratory judgment in the United States Tax Court, the United States Claims Court, or the district court of the United States for the District of Columbia before the (ninety-first) 91st day after the date that this determination was mailed to you.

Contact the clerk of the appropriate court for rules for initiating suits for declaratory judgment. To secure a petition form, write to the following address: United States Tax Court, 400 Second Street, NW, Washington, DC 20217.

Please understand that filing a petition for a declaratory judgment under IRC section 7428 will not delay the processing of subsequent income tax returns and assessment of any taxes due.

You also have the right to contact the Office of the Taxpayer Advocate. However, you should first contact the person whose name and telephone number are shown above since this person can access you tax information and can help you get answers. You can call 1-877-777-4778, and ask for the Taxpayer Advocate assistance or you can contact the Advocate from the site where this issue was determined by writing to:

Taxpayer Advocate assistance cannot be used as substitute for established IRS procedures, formal appeals processes, etc. The Taxpayer Advocate is not able to reverse legal or technically correct tax determination, nor extend the time fixed by law that you have to file a petition in Court. The Taxpayer Advocate can, however, see that a tax matter that may not have been resolved through normal channels gets prompt and proper handling.

This letter should be kept within your permanent records.

If you have any questions, please contact the person whose name and telephone number are shown above.

Sincerely,

Nanette M. Downing
Director, EO Examinations

Enclosures:
Publication 892

Internal Revenue Service
Tax Exempt and Government Entities Division
Exempt Organizations: Examinations
Attn: A.C. M/S O540
100 SW Main Street, STE 1200
Portland, OR 97204

Department of the Treasury

Date: April 25, 2012

Taxpayer Identification Number:
Form:
Tax Year(s) Ended:
Person to Contact/ID Number:
Contact Numbers:
Telephone:
Fax:

ORG
ADDRESS

Certified Mail – Return Receipt Requested

Dear :

We have enclosed a copy of our report of examination explaining why we believe revocation of your exempt status under section 501(c)(3) of the Internal Revenue Code (Code) is necessary.

If you accept our findings, take no further action. We will issue a final revocation letter.

If you do not agree with our proposed revocation, you must submit to us a written request for Appeals Office consideration within 30 days from the date of this letter to protest our decision. Your protest should include a statement of the facts, the applicable law, and arguments in support of your position.

An Appeals officer will review your case. The Appeals office is independent of the Director, EO Examinations. The Appeals Office resolves most disputes informally and promptly. The enclosed Publication 3498, *The Examination Process*, and Publication 892, *Exempt Organizations Appeal Procedures for Unagreed Issues*, explain how to appeal an Internal Revenue Service (IRS) decision. Publication 3498 also includes information on your rights as a taxpayer and the IRS collection process.

You may also request that we refer this matter for technical advice as explained in Publication 892. If we issue a determination letter to you based on technical advice, no further administrative appeal is available to you within the IRS regarding the issue that was the subject of the technical advice.

If we do not hear from you within 30 days from the date of this letter, we will process your case based on the recommendations shown in the report of examination. If you do not protest this proposed determination within 30 days from the date of this letter, the IRS will consider it to be a failure to exhaust your available administrative remedies. Section 7428(b)(2) of the Code provides, in part: "A declaratory judgment or decree under this section shall not be issued in any proceeding unless the Tax Court, the Claims Court, or the District Court of the United States for the District of Columbia determines that the organization involved has exhausted its administrative remedies within the Internal Revenue Service." We will then issue a final

revocation letter. We will also notify the appropriate state officials of the revocation in accordance with section 6104(c) of the Code.

You have the right to contact the office of the Taxpayer Advocate. Taxpayer Advocate assistance is not a substitute for established IRS procedures, such as the formal appeals process. The Taxpayer Advocate cannot reverse a legally correct tax determination, or extend the time fixed by law that you have to file a petition in a United States court. The Taxpayer Advocate can, however, see that a tax matter that may not have been resolved through normal channels gets prompt and proper handling. You may call toll-free 1-877-777-4778 and ask for Taxpayer Advocate Assistance. If you prefer, you may contact your local Taxpayer Advocate at:

If you have any questions, please call the contact person at the telephone number shown in the heading of this letter. If you write, please provide a telephone number and the most convenient time to call if we need to contact you.

Thank you for your cooperation.

Sincerely,

Nanette M Downing
Director, EO Examinations

Enclosures:
Publication 892
Publication 3498
Report of Examination

Form 886-A (Rev. January 1994)	EXPLANATIONS OF ITEMS		Schedule number or exhibit
Name of taxpayer ORG	Tax Identification Number EIN	Year/Period ended June 30, 20XX	

LEGEND

ORG - Organization name XX - Date EIN - ein State - state DIR-1 - 1st
DIR

Issue:

Whether or not the ORG ("ORG") qualifies for exemption under Internal Revenue Code ("IRC") Section 501(c)(3).

Facts:

The ORG was recognized as an organization exempt under Section 501(c)(3) of the Internal Revenue Code in March 20XX. The ORG was incorporated in the State of State on April 15, 19XX. The State Secretary of State's website currently lists the ORG as inactive as of August 1, 20XX.

The ORG has filed its Form 990 through the tax period ended June 30, 20XX. On June 1, 20XX, the IRS initiated the examination of the ORG's Form 990 for the tax period ended June 30, 20XX. The Form 990 was due on November 15, 20XX but the ORG requested and was granted an extension of time to file until February 15, 20XX. No additional extensions were granted by the IRS. To date, the IRS has not received the Form 990 for the tax period ended June 30, 20XX.

On June 8, 20XX, the agent conducted an onsite examination and requested that the ORG file the Form 990 by July 8, 20XX. In a phone conversation with DIR-1, ORG Executive Director, on July 6, 20XX, the agent again requested the ORG to file their Form 990.

The IRS sent a letter to the ORG on September 8, 20XX requesting that the Form 990 be filed by September 23, 20XX.

On November 16, 20XX, the IRS sent the ORG a letter requesting the return and giving the ORG an additional 90 days to file. The letter was sent via certified mail. On December 21, 20XX, the US Postal Service returned the letter as unclaimed by the ORG. On January 3, 20XX, the IRS sent the same letter again to the ORG via regular mail, which was not returned to the IRS.

The initial 90-day period expired on February 16, 20XX. Since the ORG did not file a return by that date and because the IRS resent the letter to the ORG on January 3, 20XX, the IRS granted the ORG additional time to file the return.

The IRS agent has made several attempts to secure the return via correspondence as well as telephone. On March 5, 20XX, the agent spoke with DIR-1, ORG Executive Director, via telephone. DIR-1 stated that she would have the return completed and submitted to the agent by March 19, 20XX.

As of the date of this report, the ORG has not filed the requested return.

Law:

Form 886-A (Rev. January 1994)	EXPLANATIONS OF ITEMS		Schedule number or exhibit
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IRC Section 6001 provides that every person liable for any tax imposed by the Code, or for the collection thereof, shall keep adequate records as the Secretary of the Treasury or his delegate may from time to time prescribe.

IRC Section 6033(a)(1) provides, except as provided in section 6033(a)(2), every organization exempt from tax under section 501(a) shall file an annual return, stating specifically the items of gross income, receipts and disbursements, and such other information for the purposes of carrying out the internal revenue laws as the Secretary may by forms or regulations prescribe, and keep such records, render under oath such statements, make such other returns, and comply with such rules and regulations as the Secretary may from time to time prescribe.

Treasury Regulations ("Regulations") Section 1.6033-1(h)(2) provides that every organization which has established its right to exemption from tax, whether or not it is required to file an annual return of information, shall submit such additional information as may be required by the district director for the purpose of enabling him to inquire further into its exempt status and to administer the provisions of subchapter F (section 501 and the following), chapter 1 of the Code and section 6033.

Rev. Rul. 59-95, 1959-1 C.B. 627, concerns an exempt organization that was requested to produce a financial statement and statement of its operations for a certain year. However, its records were so incomplete that the organization was unable to furnish such statements. The Service held that the failure or inability to file the required information return or otherwise to comply with the provisions of section 6033 of the Code and the regulations which implement it, may result in the termination of the exempt status of an organization previously held exempt, on the grounds that the organization has not established that it is observing the conditions required for the continuation of exempt status.

In accordance with the above cited provisions of the IRC and Regulations under sections 6001 and 6033, organizations recognized as exempt from federal income tax must meet certain reporting requirements. These requirements relate to the filing of a complete and accurate annual information (and other required federal tax forms) and the retention of records sufficient to determine whether such entity is operated for the purposes for which it was granted tax-exempt status and to determine its liability for any unrelated business income tax.

Taxpayer's Position:

The IRS sent the ORG a letter dated November 16, 20XX requesting that they file a Form 990 for the tax period ended June 30, 20XX. To date, the ORG has not complied with our request to file.

Government's Position:

The ORG has not filed Form 990 for the tax period ended June 30, 20XX as required under IRC sections 6001 and 6033(a)(1) and therefore does not qualify for tax exempt status under IRC section 501(c)(3).

Conclusion:

The ORG failed to meet the reporting requirements under section 6033 to be recognized as exempt from

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federal income tax under IRC section 501(c)(3). Accordingly, the ORG's exempt status is revoked effective July 1, 20XX.

Form 1120 returns should be filed for all tax periods after July 1, 20XX.